

## **Attachment J.5**

### ***TERMS AND CONDITIONS OF LAND ACQUISITION LOANS***

The purpose of the LADP Fund is to provide low interest loans for land acquisition or predevelopment activities to non-profit and LSDBE organizations for the development of affordable housing, mixed-use, and community facilities in twelve Neighborhood Investment NIF target areas. The following Terms and Conditions are applicable to Land Acquisition Loans (LAL), one of two loan products offered under the LADP. Offerors shall thoroughly familiarize themselves with the terms and conditions described below. The Office of the Deputy Mayor for Planning and Economic Development may modify these terms and conditions in order to comply with changes in District law or policy related to the implementation of the NIF program. ODMPED will notify the Contractor of such changes in writing prior to the release of a Request for Applications (RFA). Any modification to the terms and conditions made after the release of a RFA will only apply to subsequent solicitations.

The following terms and conditions apply to LADP Loans only. The Contractor may impose additional requirements, terms, or conditions, so long as they do not conflict with or adversely affect the LADP Loan requirements and guidelines described below.

### ***ELIGIBLE BORROWERS***

**Eligible Borrower Type**      Non-profit housing developer, joint venture, partnership, limited liability companies with the non-profit having at least 51% management control and an LSDBE (Local, small, disadvantage business enterprise) certified entity specializing in development with demonstrated financial need.

### ***ELIGIBLE PROJECTS***

**Eligible Projects**

1. Rental or homeownership projects (min. 10 units). A special emphasis is placed on tenant purchase projects.
2. Community based facility projects defined as projects that will provide a public service or benefit to a diverse constituency.
3. Mixed use projects with a min. of 3 housing units
4. All projects must be physically located within the boundaries of one of the 12 NIF target areas. See Attachment C for target area boundaries and Attachment D for the target area map.

### ***AFFORDABILITY***

• **Levels**      Minimum affordability for projects is 33% of the total units affordable to households earning 80% or less of the Area

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Median Income (AMI). Of that 33%, 50% shall be affordable to households earning 50% or less of the AMI. *Decimals shall be rounded to the next whole number*

- **Affordability Period** Homeownership: 10 years  
Rental: 20 years
- **Enforcement** The Borrower is required to submit to ODMPED and the Contractor copies of income verification documents for buyers and/or tenants of affordable units. Income verification documentation is required to be submitted to OMDPED for the full affordability period of the project.

### EVALUATION

**Project Feasibility** Contractor shall determine that the project is feasible and eligible for financing as proposed by the Borrower, with underwriting based on ODMPED approved review procedures regarding project development budget, proposed operating budget, proposed sources and uses, and likelihood that other financial sources will be available on the terms proposed.

**RFA Required Documentation** NOFA, RFA, and additional documents to be developed by the Contractor and approved by ODMPED according to the requirements and schedule described herein. Minimum Requirements:

- Ratified Offer of Sale (fully executed Purchase/Sale Contract between Developer and the property owner)
- Recent (not older than 120 days) Fair Market Value appraisal completed by a licensed appraiser
- Preliminary development budget
- Preliminary pro forma analysis
- Proposed development time line and target dates
- Current and needed zoning and land use approvals
- LSDBE certification of borrower (if applicable)
- Certificate of Good Standing
- Proposed title commitment

**Other Pre-Construction Financing** Contractor shall determine that the Borrower has access to financing (which may be other financing from Contractor) to cover pre-construction expenses necessary to make the project eligible for construction and permanent financing.

**Construction and Permanent Financing** Borrowers shall propose a feasible plan for construction and permanent financing for the project. They may propose gap financing from the District as part of eventual

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project sources and uses. Receipt of a LADP Program loan shall neither prohibit nor guarantee funding from other District programs.

### **General Eligibility Certification**

Borrower shall certify, as a condition of accepting an LADP Loan, that:

- the project will comply with all requirements of the LADP; and
- the Borrower will comply with all applicable District and Federal governmental laws and regulations.

### ***ELIGIBLE COSTS***

#### **Acquisition Cost of Property**

Selling price of the property or fair market value, whichever is lower, plus all closing costs related to the acquisition of the property.

### ***INELIGIBLE COSTS***

Federal and District Taxes, all costs to satisfy liens and related penalties, government impositions, management fees, and all other costs directly related to the operation and maintenance of the property to be acquired under the LADP.

### ***LOAN TERMS***

#### **Loan Limit**

The LADP Loan limit is nine hundred thousand dollars (\$900,000.00).

#### **Loan to Value**

Loans for property acquisition shall have an LTV not to exceed 100% of property's appraised value, plus the amount of any Program predevelopment loan being rolled into the acquisition loan.

#### **Security**

Loan shall be secured by a first lien deed of trust on the property in favor of the District of Columbia. The District may require such additional collateral or recourse as it typically requires for its other land acquisition loans.

#### **Term of Loan**

Two (2) years from date of closing, with a possibility to extend the term of the Program loan for an additional one (1) year, for a total of (3) years.

#### **Covenants**

Income restriction covenant will be recorded against the property to ensure the affordability period.

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<b>Repayment</b>	The LADP loan will be repaid at the time of closing on construction/permanent financing for the development of the property. If the Borrower fails to obtain construction/permanent financing per their approved development plan, then the Borrower may be in default.
<b>Application Fee</b>	There is no application fee for LADP Loans.
<b>Interest Rate</b>	Interest rate on the LADP loan is 0%.
<b>Interest Payments</b>	There are not interest payments made on LADP Loans.
<b>Availability of Other District Funds</b>	Receipt of a LADP Program loan shall neither prohibit nor guarantee funding from other District programs.
<b><i>LOAN COMPLIANCE</i> Required Documentation</b>	As a requirement of receiving a LAPD loan, Borrower must submit to Contractor, and Contractor will forward to ODMPED, post-closing documentation and a comprehensive development plan for the development of the property. Documentation requirements, due dates, and review procedures are outlined in Section C.3.
<b>Failure to Develop</b>	Failure of Borrowers to meet established development benchmarks constitutes a default of the loan documents.
<b>Default</b>	<p>Events of default shall include, but not be limited to, a failure by Borrower to repay the loan when due, to meet the development benchmarks, to comply with applicable laws and to meet the conditions set forth in the loan documents.</p> <p>The first objective of ODMPED is to obtain performance by the Borrower under the loan agreement; second, to negotiate an acceptable agreement with the Contractor for either the purchase or sale of the note; and, only as a last resort, to require a sale of the property at its highest and best value on the open market to obtain repayment of LADP funds.</p> <p>If the above stated remedies are exhausted, ODMPED reserves the right to purchase the property for an amount not greater than the total loan less District funds, unpaid interest and reasonable expenses, and may assign that right to a third party of its choice.</p>

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### ***TERMS AND CONDITIONS OF PREDEVELOPMENT LOANS***

The purpose of the LADP Fund is to provide low interest loans for land acquisition or predevelopment activities to non-profit and LSDBE organizations for the development of affordable housing, mixed-use, and community facilities in twelve Neighborhood Investment NIF target areas. The following Terms and Conditions are applicable to Predevelopment Loans (PL), one of two loan products offered under the LADP. Offerors shall thoroughly familiarize themselves with the terms and conditions described below. The Office of the Deputy Mayor for Planning and Economic Development may modify these terms and conditions in order to comply with changes in District law or policy related to the implementation of the NIF program. ODMPED will notify the Contractor of such changes in writing prior to the release of a Request for Applications (RFA). Any modification to the terms and conditions made after the release of a RFA will only to apply to subsequent solicitations.

The following terms and conditions apply to LADP Loans only. The Contractor may impose additional requirements, terms, or conditions, so long as they do not conflict with or adversely affect the LADP Loan requirements and guidelines described below.

### ***ELIGIBLE BORROWERS***

<b>Eligible Borrower Type</b>	Non-profit housing developer, joint venture, partnership, limited liability companies with the non-profit having at least 51% management control and an LSDBE (Local, small, disadvantage business enterprise) certified entity specializing in development with demonstrated financial need.
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### ***ELIGIBLE PROJECTS***

<b>Eligible Projects</b>	<ol style="list-style-type: none"><li>1. Rental or homeownership projects (min. 10 units) A special emphasis is placed on tenant purchase projects.</li><li>2. Community based facility projects defined as projects that will provide a public service or benefit to a diverse constituency.</li><li>3. Mixed use projects with a min. of 3 housing units</li><li>4. All projects must be physically located within the boundaries of one of the 12 NIF target areas. See Attachment C for target area boundaries and Attachment D for the target area map.</li></ol>
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### ***AFFORDABILITY***

- **Levels** Minimum affordability for projects is 33% of the total units affordable to households earning 80% or less of the Area Median Income (AMI). Of that 33%, 50% shall be affordable to households earning 50% or less of the AMI.  
*Decimals shall be rounded to the next whole number*
- **Affordability Period** Homeownership: 10 years  
Rental: 20 years
- **Enforcement** The Borrower is required to submit to ODMPED and the Manager copies of income verification documents for buyers and/or tenants of affordable units. Income verification documentation is required to be submitted to OMDPED for the full affordability period of the project.

### ***EVALUATION***

- Project Feasibility** Manager shall determine that the project is feasible as proposed by the Borrower, to the extent of the information that is available at the time of the application for a Predevelopment Loan
- RFA Required Documentation** NOFA, RFA, and additional documents to be developed by the Manager and approved by ODMPED according to the requirements and schedule described herein. Minimum Requirements :
- Preliminary development concept
  - Proposed sources and uses
  - Proposed development time line and target dates
  - LSDBE certification of borrower (if applicable)
  - Certificate of Good Standing
- Land Acquisition and Other Pre-Construction Financing** Manager shall determine that the Borrower has access to financing (which may be other financing from Manager) to cover pre-construction expenses necessary to make the project eligible for land acquisition, construction or permanent financing. Borrowers shall propose a feasible plan for obtaining land acquisition financing for the project. They may propose gap financing from the District as part of eventual project sources and uses. Receipt of a LADP Program loan shall neither prohibit nor guarantee funding

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from other District programs.

### **General Eligibility Certification**

Borrower shall certify, as a condition of accepting Program funds, that:

- the project will comply with all requirements of the LADP Program; and
- the Borrower will comply with all applicable District and Federal governmental laws and regulations.

### ***ELIGIBLE COSTS***

#### **Predevelopment Expenses**

3<sup>rd</sup> party professional services for pursuing, negotiating, or implementing an acquisition. Example: architectural fees, due diligence services, accounting fees, application fees, building inspection, earnest money deposit, environmental assessment, feasibility analysis, finance consultants, market studies, soil testing, tax credit consultants. Final approval of predevelopment expenses is at the discretion of the Contractor and ODMPED.

#### **Purchase Options**

Prospective Borrowers may purchase the right, but not the obligation, to purchase the property evidenced by an option at a specific price at a future date, no later than twelve months. Loans for purchase options shall be repaid upon receipt of Land acquisition financing. If the property is not purchased within twelve months, the Borrower will be required to repay the loan from other funds at a time as approved by the Manager.

### ***INELIGIBLE COSTS***

Federal and District Taxes, all costs to satisfy liens and related penalties, government impositions, management fees, and all other costs directly related to the operation and maintenance of the property to be acquired under the LADP

### ***LOAN TERMS***

#### **LADP Loan Limit**

Predevelopment: \$200,000

Purchase Option: The maximum amount of a loan for a purchase option is ten percent (10%) of the purchase price

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or \$200,000.00, whichever is less.

Properties may qualify for loans for both predevelopment and purchase options.

<b>Security</b>	Pre-Acquisition Loans shall be unsecured, but shall be included in the overall secured financing if the Borrower subsequently receives a Land Acquisition Loan to purchase the property.
<b>Term of Loan</b>	Not more than twelve (12) months from date of closing.
<b>Covenants</b>	Income restriction covenant will be recorded against the property to ensure the affordability period.
<b>Repayment</b>	Pre-Acquisition Loans will be repaid (or added to the acquisition financing) at the time of Land acquisition if the property is acquired, or within 12 months of loan closing if the property is not acquired.
<b>Application Fee</b>	There is no application fee.
<b>Interest Rate</b>	Interest rate on the loan is 0%.
<b>Interest Payments</b>	There are no interest payments on an LADP Loan
<b>Availability of Other District Funds</b>	Receipt of a LADP Program loan shall neither prohibit nor guarantee funding from other District programs

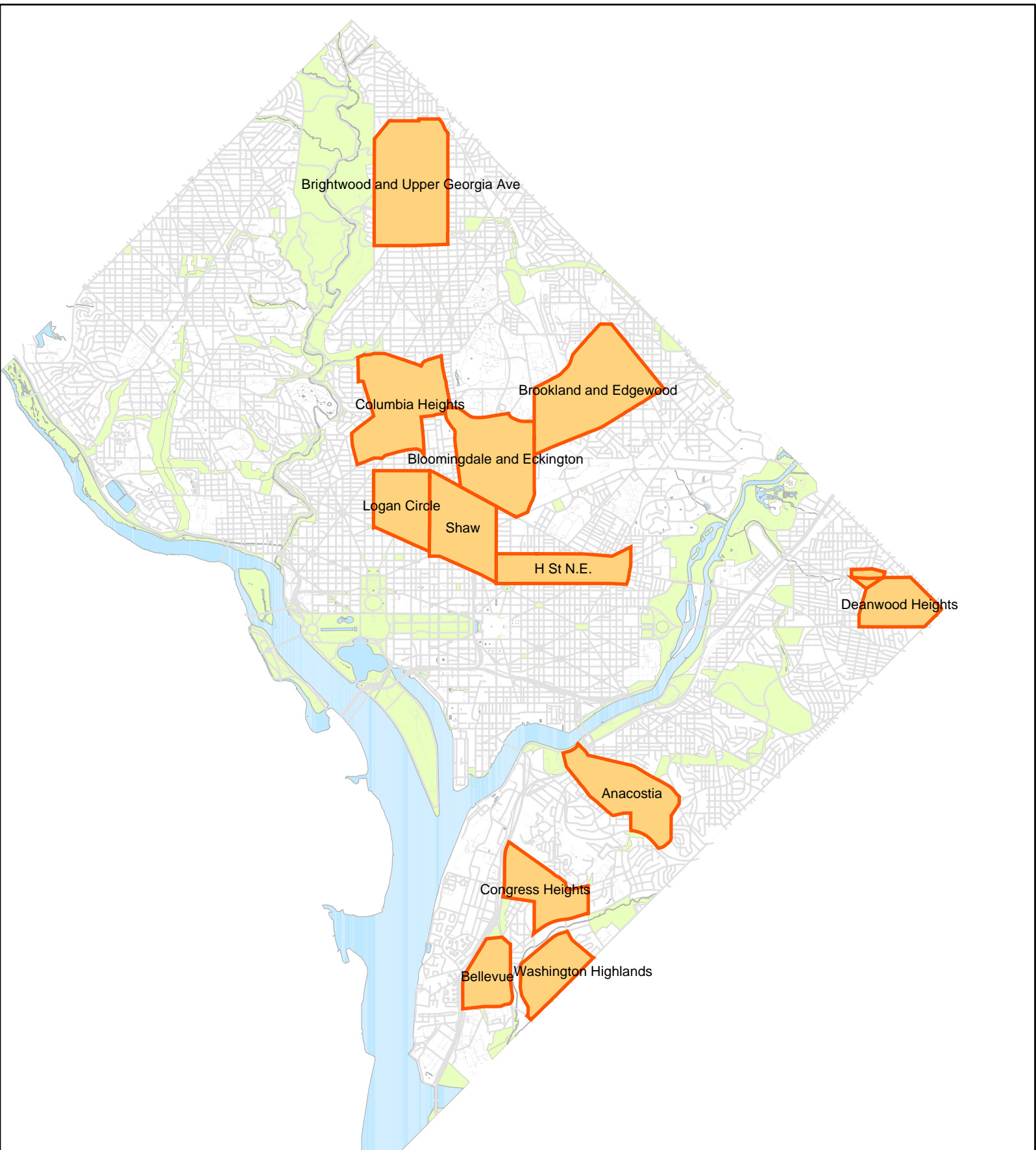
### *LOAN COMPLIANCE*

<b>Required Documentation</b>	As a requirement of receiving a LAPD loan, Borrower must submit to Contractor, and Contractor will forward to ODMPED, post-closing documentation and a comprehensive development plan for the development of the property. Documentation requirements, due dates, and review procedures are outlined in Section C.3.
<b>Failure to Develop</b>	Failure of Borrowers to meet established development benchmarks constitutes a default of the loan documents
<b>Default</b>	<p>Events of default shall include, but not be limited to, a failure by Borrower to repay the loan when due, to meet the development schedule, to comply with applicable laws and to meet the conditions set forth in the loan documents</p> <p>The first objective of ODMPED is to obtain performance by</p>



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the Borrower under the loan agreement; second, to negotiate an acceptable agreement with the Contractor for either the purchase or sale of the note; and, only as a last resort, to require a sale of the Borrower's other assets at their highest and best value on the open market to obtain repayment of LADP funds.



Government of the District of Columbia  
Anthony A. Williams, Mayor

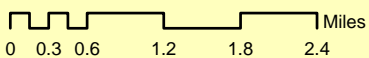
Office of the Deputy Mayor for Planning  
and Economic Development  
September 2006

## District of Columbia Neighborhood Investment Fund

 NIF Target Areas



*This map was created for planning  
purposes from a variety of sources.  
It is neither a survey nor a legal  
document.*

 Miles  
0 0.3 0.6 1.2 1.8 2.4

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### **Neighborhood Investment Fund Target Area Boundaries**

Target Area #1 - Shaw. The Shaw target area is defined as starting at the corner of 9<sup>th</sup> Street and Florida Avenue, N.W., east along Florida Avenue, N.W., to North Capitol Street, south along North Capitol Street to Massachusetts Avenue, west along Massachusetts Avenue, N.W., to 9<sup>th</sup> Street, N.W., and north along 9<sup>th</sup> Street, N.W., to Florida Avenue, N.W.

Target Area #2 – Logan Circle. The Logan Circle target area is defined as starting at the corner of 9<sup>th</sup> Street, N.W., and Florida Avenue, N.W., south on 9<sup>th</sup> Street, N.W., to Massachusetts Avenue, N.W., west on Massachusetts Avenue, N.W., to 16<sup>th</sup> Street, N.W., north on 16<sup>th</sup> Street, N.W., to U Street, N.W., and east on U Street, N.W., to Florida Avenue, N.W.

Target Area #3 – Deanwood Heights. The Deanwood Heights target area is defined as starting at the corner of 50<sup>th</sup> Street, N.W., east along Hayes Street, N.E., south along 54<sup>th</sup> Place N.E., east along Nannie Helen Burroughs Avenue, N.E., southeast along Eastern Avenue, N.E., southwest along Southern Avenue, N.E., west along East Capitol Street, north along Division Avenue, N.E., west along Marvin Gaye Park, and north along 50<sup>th</sup> Street, N.E.

Target Area #4 – Washington Highlands. The Washington Highlands target area is defined as starting at the corner of Southern Avenue and South Capitol Street, S.E., north along South Capitol Street, north along Livingston Road, S.E., northeast along Valley Avenue, S.E., southeast along Wheeler Road, S.E., and southwest along Southern Avenue, S.E.

Target Area #5 – Columbia Heights. The Columbia Heights target area is defined as starting at the corner of Spring Road and Sherman Avenue, N.W., northeast along Rock Creek Church Road, N.W., to Warder Street, N.W., south along Warder Street, N.W., to 4<sup>th</sup> Street, N.W., southwest along 4<sup>th</sup> Street, N.W., to Gresham Place, N.W., west along Gresham Place, N.W., to Sherman Avenue, N.W., south along Sherman Avenue to Florida Avenue, N.W., west along Florida Avenue to W Street, N.W., west along W Street, N.W., to 16<sup>th</sup> Street, N.W., west along Florida Avenue, N.W. to Champlain Street, N.W., north along Champlain Street, N.W., to Columbia Road, N.W., northeast along Columbia Road, N.W., to Mt. Pleasant Street, N.W., northwest along Mt. Pleasant Street, N.W., to Park Road, N.W., west along Park Road, N.W., to Mt. Pleasant Street, N.W., north on Mt. Pleasant Street, N.W., to Piney Branch Park, east through Piney Branch Park to Spring Road, N.W., and east along Spring Road, N.W., to Sherman Avenue, N.W.

Target Area #6 – Brightwood and Upper Georgia Avenue. The Brightwood and Upper Georgia Avenue target area is defined as starting at the corner of Kennedy Street, N.W., and 16<sup>th</sup> Street, N.W., north along 16<sup>th</sup> Street, N.W., to Alaska Avenue, N.W., northeast along Alaska Avenue, N.W., to Fern Street, N.W., east along Fern Street, N.W., to Fern Place, N.W., east along Fern Place, N.W., to Blair Road, N.W., southeast along Blair Road, N.W., to 5<sup>th</sup> Street, N.W., south along 5<sup>th</sup> Street, N.W., to Kennedy Street, N.W., and west along Kennedy Street, N.W., to 16<sup>th</sup> Street, N.W.

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Target Area #7 – Bloomingdale and Eckington. The Bloomingdale and Eckington target area is defined as starting at New York Avenue, N.W., northwest along Florida Avenue, to 4<sup>th</sup> Street, N.W., north along 4<sup>th</sup> Street, N.W., to 5<sup>th</sup> Street, N.W., east along Michigan Avenue, N.W., to Franklin Street, N.E., east along Franklin Street, N.E., to 4<sup>th</sup> Street, N.E., south on 4<sup>th</sup> Street, N.E., to the CSX rail yard, south along the rail yard to New York Avenue, N.E., southwest along New York Avenue, N.E., to Florida Avenue.

Target Area #8 – Brookland and Edgewood. The Brookland and Edgewood target area is defined as starting at 4<sup>th</sup> Street, N.E., and Rhode Island Avenue, N.E., north along 4<sup>th</sup> Street, N.E., to Michigan Avenue, N.E., northeast along Michigan Avenue to South Dakota Avenue, N.E., southeast along South Dakota Avenue, N.E., to Rhode Island Avenue, N.E., and southwest along Rhode Island Avenue, N.E., to 4<sup>th</sup> Street, N.E.

Target Area #9 – Anacostia. The Anacostia target area is defined as starting at the Anacostia waterfront and Good Hope Road, S.E., southeast along Good Hope Road, S.E., to Naylor Road, S.E., southeast on Naylor Road, S.E., to Alabama Avenue, S.E., southwest on Alabama Avenue, S.E., to the Suitland Parkway, northwest along the Suitland Park to 18<sup>th</sup> Street, S.E., north on 18<sup>th</sup> Street, S.E., to Erie Street, S.E., west on Erie Street, S.E., to Morris Road, S.E., and northwest on Morris Road, S.E., to the Anacostia waterfront.

Target Area #10 – H Street, N.E. The H Street, N.E., target area is defined as the area within 2 blocks north or south of H Street, N.E., Benning Road, N.E., and Maryland Avenue, N.E., between North Capitol Street and 17<sup>th</sup> Street, N.E.

Target Area #11 – Congress Heights. The Congress Heights target area is defined as the area bounded by a line starting at Mississippi Avenue, S.E., and 13<sup>th</sup> Street, S.E., and running north along 13<sup>th</sup> Street, S.E., to Alabama Avenue, S.E., then west along Alabama Avenue, S.E., to the southwestern boundary of the St. Elizabeths campus, then northwest along the southwest boundary of the St. Elizabeths campus, then on a line parallel to Lebaum Street, S.E., to Interstate 295, then southwest along Interstate 295 to a line parallel to 4<sup>th</sup> Street, S.E., then along a line parallel to 4<sup>th</sup> Street, S.E. to 4<sup>th</sup> Street, S.E., then along 4<sup>th</sup> Street, S.E., to Mississippi Avenue, S.E., then along Mississippi Avenue, S.E., to the starting point.

Target Area #12 – Bellevue. The Bellevue target area is defined as the area bounded by Galveston Street, S.W., on the south, First Street, S.E., on the east, Halley Street, S.E., on the north, and Interstate 295 on the west.